

Message Text

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ACTION EA-09

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FM AMEMBASSY KUALA LUMPUR

TO SECSTATE WASHDC PRIORITY 8552

INFO AMEMBASSY BANGKOK

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY CANBERRA

/AMEMBASSY BRUSSELS 156

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

CINCPAC HONOLULU

C O N F I D E N T I A L SECTION 1 OF 2 KUALA LUMPUR 5399

USEEC

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: ASEAN ETRD, MY

SUBJECT: KUALA LUMPUR ASEAN SUMMIT: EVALUATION AND CONCLUSIONS

1. SUMMARY. MEASURED AGAINST OUR MODEST EXPECTATIONS, THE ASEAN SUMMIT WAS A SUCCESS. THE PACE OF COOPERATION AND REDUCTION OF TRADE BARRIERS REMAINS SLOW. SO FAR THE ORGANIZATION HAS HAD NO EFFECT ON THE ECONOMICS OF ITS MEMBER STATES. THE MOST IMPORTANT AGREEMENT ON THE ECONOMIC SIDE-THE DECISION TO GO AHEAD WITH THE FIVE INDUSTRIAL PROJECTS-IS CLOUDED BY DOUBTS REGARDING THEIR FEASIBILITY. NEVERTHELESS, THERE WERE A NUMBER OF ACHIEVEMENTS, INCLUDING THE CONTINUED DEVELOPMENT OF PROCEDURES

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FOR CONSULTATION, A SPIRIT OF COOPERATION, AND A DEGREE OF COHESIVENESS

IN DEALING WITH THE THREE OUTSIDERS, JAPAN, AUSTRALIA AND NEW ZEALAND. THE IMPLICATIONS FOR THE U.S. ARE THAT WE WILL PROBABLY ENCOUNTER A WELL-PREPARED AND RELATIVELY UNIFIED ASEAN DELEGATION IN MANILA, AND THAT ASEAN IS A FORCE FOR STABILITY IN THE REGION. THEREFORE, IT IS IN OUR INTEREST THAT ASEAN

CONTINUE TO DEVELOP. END SUMMARY.

2. THE KUALA LUMPUR ASEAN SUMMIT, WITH ITS SERIES OF MEETINGS WITH JAPANESE, AUSTRALIAN AND NEW ZEALAND COUNTERPARTS, HAS COME AND GONE AND, IN THIS EMBASSY'S VIEW, THE RESULTS ARE CLEARLY POSITIVE. IT WILL TAKE SOME TIME UNDOUBTEDLY FOR THE FULL RESULT OF ALL THE MEETINGS, INCLUDING THEIR IMPACT ON THE US-ASEAN DIALOGUE TO BECOME KNOWN. MOREOVER, OUR OPTIMISTIC JUDGMENT MUST BE MEASURED AGAINST OUR RELATIVELY MODEST EXPECTATIONS IN ADVANCE OF THE MEETINGS.

3. ASEAN IS A LONG WAY FROM BECOMING A COHESIVE, INTERDEPENDENT ECONOMIC GROUPING. EACH MEMBER NATION'S CONTINUED AWARENESS OF ITS OWN POLITICO-ECONOMIC CIRCUMSTANCES IS A CONSTRAINT ON THE PACE OF COOPERATION AND REDUCTION OF TRADE BARRIERS. SIMILARLY, EACH MEMBER NATION PROJECTED VARIED PERSPECTIVES ON MOST POLITICAL ISSUES, ALTHOUGH ON SOME ISSUES DIFFERING DEGREES OF EMPHASIS ARE SLIGHT. FOR SOME, THIS LACK OF TOTAL HARMONY OF OUTLOOK MAY HAVE BEEN DISQUIETING.

4. ON THE ECONOMIC SIDE, THE SUMMIT'S ACHIEVEMENTS WERE MINIMAL. INSTEAD OF MOVING TOWARD A FREE TRADE AREA THROUGH ACROSS-THE-BOARD TARIFF REDUCTIONS, AS SINGAPORE WANTED, THE HEADS OF GOVERNMENT LIMITED THEMSELVES TO SMALL TARIFF CUTS ON ONLY 71 PRODUCTS. IN ORDER NOT TO APPEAR TOTALLY ADAMANT THE MALAYSIAN GOVERNMENT SUBSEQUENTLY ANNOUNCED THAT IT WAS WILLING

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TO ADD ANOTHER 40 TO 50 PRODUCTS TO THE LIST AT THE SEPT. 2-4 ASEAN ECONOMIC MINISTERS MEETING IN PATTAYA. SUCH MOVES AS THIS AND THE SIGNING OF THE ASEAN SWAP AGREEMENT ARE HIGHLY UNLIKELY TO HAVE ANY EFFECT ON THE ECONOMIES OF THE MEMBER COUNTRIES. THE MOST IMPORTANT ACHIEVEMENT THAT THEY WERE ABLE TO CLAIM WAS THE SUMMIT'S REAFFIRMATION THAT THE FIVE ASEAN FINANCED INDUSTRIAL PROJECTS WOULD DEFINITELY GO FORWARD, DESPITE CONSIDERABLE DOUBTS ON THE PART OF MOST KNOWLEDGEABLE EXPERTS REGARDING THEIR ECONOMIC FEASIBILITY. WE ARE STILL NOT CONVINCED THAT THE POLITICAL WILL EXPRESSED ON THIS ISSUE WILL BE ABLE TO OVERCOME THE SERIOUS PROBLEMS MOST OF THE PROJECTS FACE.

5. HOWEVER, ASEAN APPEARS TO BE SUCCEEDING AS A FRAME OF MIND INFLUENCING ITS MEMBERS' BEHAVIOR; AS ONE OF THE LEADERS SAID, MEMBER STATES ARE TENDING TO "THINK ASEAN." THERE IS NO QUESTION THAT ASEAN COOPERATION HAS BECOME AN IMPORTANT ELEMENT OF THE MEMBERS' FOREIGN POLICIES. ON THE PSYCHOLOGICAL PLANE, THE ASEAN "SPIRIT" OF GOODWILL IS A VERY REAL THING AND, ALTHOUGH INTANGIBLE, UNDERLINES AN APPARENT UNITY OF PURPOSE DESPITE OCCASIONAL DISAGREEMENTS ON TACTICS. WHEN THE CONFERENCE BEGAN PHILIPPINE FOREIGN MINISTER ROMULO DESCRIBED THE ORGANIZATION'S

LACK OF "POLITICAL WILL," BUT, AS THE PROCEEDINGS DREW TO A CLOSE, HE DECIDED THAT ASEAN DID, AFTER ALL, HAVE SUCH A POLITICAL WILL. IT IS THIS POLITICAL WILL TO COOPERATE FOR MUTUAL BENEFIT THAT IS THE KEY TO ASEAN'S FUTURE.

6. THE ASEAN NATIONS DID SHOW WILLINGNESS TO COMPROMISE TO REACH A BASE LINE OF CONSENSUS ON A VARIETY OF ISSUES. ALTHOUGH SOME, SUCH AS SINGAPORE, MAY HAVE GRUMBLED WHEN THEIR PET PROPOSALS WERE NOT ENFORCED, THEY NOETHELESS DID NOT THROW IN THEIR CARDS AND LEAVE THE GAME. ON THE OTHER HAND, THE ANNOUNCEMENT BY PRESIDENT MARCOS THAT IN THE INTEREST OF ASEAN UNITY ETC. HE WAS TAKING STEPS TO ELIMINATE THE TROUBLESOME ISSUE OF THE PHILIPPINES' CLAIM TO SABAH WAS DRAMATIC AND PERHAPS THE ONLY CLEAR "BREAKTHROUGH" TO COME OUT OF THE MEETINGS.
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7. WHEN CONSIDERED FROM A MINIMUM EXPECTATION POINT OF VIEW, THESE TALKS INVOLVED SOME ACHIEVEMENTS:

(1) FIRST, THEY TOOK PLACE, IN TEN YEARS OF THE ORGANIZATION'S EXISTENCE THERE HAVE BEEN TWO SUMMIT MEETINGS WITHIN THE PAST 17 MONTHS, AND THIS IN ITSELF CONNOTES ORGANIZATIONAL MOMENTUM AND SIGNIFIES THE IMPORTANT THE MEMBERS ATTACH TO THE ORGANIZATION; (2) THEY CONTINUED AND DEVELOPED INSTITUTIONAL PROCEDURES FOR THE EXCHANGE OF VIEWS AND CONSULTATIONS ON A VARIETY OF MATTERS OF COMMON INTEREST; EVEN WHERE PRIORITIES DIFFERED THE MEETINGS PROBABLY SERVED TO ALLOW THE MEMBERS TO ASSESS MORE REALISTICALLY EACH OTHER'S POSITIONS AND POSSIBLY TO IDENTIFY MORE FRUITFUL
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AREAS OF COOPERATION.

(3) THE ATTENDANCE OF THE LEADERS OF THREE IMPORTANT EXTRA-REGIONAL NATIONS AT POST-SUMMIT CONFERENCES WITH THE ASEAN LEADERS DEMONSTRATED THE IMPORTANCE THEY ATTACH TO ASEAN'S POTENTIAL. DEALING WITH THESE "OUTSIDERS" SEEMED TO HEIGHTEN THE SPIRIT OF PARTNERSHIP AND INTERDEPENDENCE AMONG THE ASEAN MEMBERS. IN FACT, ASEAN SHOWED ITSELF MORE ABLE TO GET TOGETHER TO DEAL WITH OUTSIDERS THAN TO AGREE ON INTERNAL ISSUES. WE CAN PROBABLY EXPECT A SIMILAR DEGREE OF COHESIVENESS ON THE PART OF THE MEMBERS WHEN THEY MEET WITH THE U.S. DELEGATION IN MANILA.

(4) FINALLY, WITHIN THE ASEAN CONTEXT PER SE, THE FACT THAT ASEAN DID NOT WAIVER IN THE FACE OF MOSCOW'S AND HANOI'S BLASTS MAY ALSO BE OF SOME DURABLE SIGNIFICANCE. IF ASEAN MAINTAINS ITS COOL IN THE FACE OF HANOI'S EFFORTS TO DIVIDE ASEAN NATIONS AGAINST THEMSELVES, HANOI MAY EVENTUALLY MODIFY ITS STANCE SOMEWHAT. CERTAINLY WEAKNESS ON ASEAN'S PART VIS-A-VIS HANOI WOULD NOT PERSUADE HANOI TO LOWER ITS PRESSURE ON THAILAND'S BORDER.

8. THIS ASSESSMENT DOES NOT MEAN TO OVERLOOK THE NEGATIVE AND DIVISIVE FACTORS: LEE KUAN YEW'S CLOSING SUMMIT STATEMENT WAS FULL OF DISAPPOINTMENT AT THE SMALL FORWARD STEPS TAKEN, AND UNDOUBTEDLY REFLECTED HARD AND UNPLEASANT PRIVATE DISCUSSIONS. THE SMALL FORWARD STEPS UNDOUBTEDLY REFLECT GREAT DIFFERENCES IN PERCEPTION AMONG ASEAN LEADERS OF HOW TO PROCEED-ASEAN UNITY IS STILL AN UNREALIZED GOAL. AND FINALLY, THAI PRIME MINISTER THANIN'S POINTED EFFORTS TO DRAW ATTENTION TO THE CHALLENGE INDOCHINA POSES TO ASEAN IS A SHARP REMINDER THAT ASEAN WILL BE ONLY AS STRONG AS ITS WEAKEST LINK, AND THAT THAILAND'S POSITION ON THE BORDER WITH INDOCHINA MAKES IT PARTICULARLY VULNERABLE TO THE TURN OF THE INDOCHINA THUMBSCREW

SHOULD HANOI DECIDE TO GO THAT ROUTE.

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9. IN SUM, ASEAN COMPRISES FIVE DIFFERENT NON-COMMUNIST NATIONS WHO SHARE COMMITMENTS TO OPEN ECONOMIES AND FUNDAMENTAL GOALS OF SELF-PRESERVATION AND IMPROVING LIVING STANDARDS OF THEIR PEOPLE. IT IS CLEAR THE ASEAN, AS IT HAS DEVELOPED SO FAR, HAS HAD NO MEASURABLE EFFECT ON THE ECONOMIES OF ITS MEMBERS. FURTHERMORE, ECONOMIC AND POLITICAL NATIONALISM REMAIN BASIC FACTS OF LIFE WHICH ASEAN NATIONS APPEAR ACUTELY COGNIZANT OF. THEY REALIZE THAT THROUGH COOPERATION THEY ARE MORE LIKELY TO ATTAIN THESE GOALS THAN BY GOING IT ALONE. IT CAN SAFELY BE SAID THAT ALTHOUGH ASEAN CONSIDERATIONS ARE A LONG WAY FROM DOMINATING NATIONAL DECISION-MAKING AMONG THE MEMBER NATIONS, ASEAN HAS NEW BECOME A SIGNIFICANT FACTOR IN POLICY-MAKING IN SOME AREAS, PARTICULARLY FOREIGN POLICY. THUS, AS A GENERAL PRINCIPLE, WE CAN EXPECT THEM TO BE PROTECTIVE OF EACH OTHER'S INTERESTS IN MULTILATERAL FORA (E.G. MALAYSIA AND INDONESIA FENDING OFF RADICAL RESOLUTIONS AGAINST THE PHILIPPINES ON ITS MUSLIM MINORITY PROBLEM IN THE ISLAMIC CONFERENCE CONTEXT) AND CONCERTING THEIR STANDS ON NORTH-SOUTH ISSUES, COMMODITY MATTERS, AND OTHER SUBJECTS.

10. AS TO THE IMPLICATIONS FOR U.S. POLICY, WE CONTINUE TO THINK THAT, DESPITE ITS FAILINGS AND LACK OF PROGRESS ON THE ECONOMIC ISSUES ASEAN IS AN IMPORTANT FORCE FOR STABILITY IN THE REGION. AS SUCH, IT IS IN OUR INTEREST TO DO WHAT WE CAN TO ENCOURAGE AND STRENGTHEN ITS PROGRESS. CONSEQUENTLY, WE HOPE THE FIRST U.S.-ASEAN MEETING IN MANILA WILL ALLOW THE MEMBER COUNTRIES TO COME AWAY WITH THE FEELING THAT THE U.S. SUPPORTS AND RESPECTS THEIR ORGANIZATION.

11. WE WOULD WELCOME COMMENTS FROM EMBASSIES IN OTHER ASEAN CAPITALS.

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